Senate

General Assembly

File No. 263

January Session, 2013

Senate Bill No. 946

Senate, April 2, 2013

The Committee on Energy and Technology reported through SEN. DUFF of the 25th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING CONTRACT EXTENSIONS FOR PROJECT 150 PROJECTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Subdivision (2) of subsection (j) of section 16-244c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(2) Notwithstanding the provisions of subsection (d) of this section regarding an alternative transitional standard offer option or an alternative standard service option, an electric distribution company providing transitional standard offer service, standard service, supplier of last resort service or back-up electric generation service in accordance with this section shall, not later than July 1, 2008, file with the Public Utilities Regulatory Authority for its approval one or more long-term power purchase contracts from Class I renewable energy source projects with a preference for projects located in Connecticut that receive funding from the Clean Energy Fund and that are not less than one megawatt in size, at a price that is either, at the determination

of the project owner, (A) not more than the total of the comparable wholesale market price for generation plus five and one-half cents per kilowatt hour, or (B) fifty per cent of the wholesale market electricity cost at the point at which transmission lines intersect with each other or interface with the distribution system, plus the project cost of fuel indexed to natural gas futures contracts on the New York Mercantile Exchange at the natural gas pipeline interchange located in Vermillion Parish, Louisiana that serves as the delivery point for such futures contracts, plus the fuel delivery charge for transporting fuel to the project, plus five and one-half cents per kilowatt hour. In its approval of such contracts, the authority shall give preference to purchase contracts from those projects that would provide a financial benefit to ratepayers and would enhance the reliability of the electric transmission system of the state. Such projects shall be located in this state. The owner of a fuel cell project principally manufactured in this state shall be allocated all available air emissions credits and tax credits attributable to the project and no less than fifty per cent of the energy credits in the Class I renewable energy credits program established in section 16-245a attributable to the project. On and after October 1, 2007, and until September 30, 2008, such contracts shall be comprised of not less than a total, apportioned among each electric distribution company, of one hundred twenty-five megawatts; and on and after October 1, 2008, such contracts shall be comprised of not less than a total, apportioned among each electrical distribution company, of one hundred fifty megawatts. The Public Utilities Regulatory Authority shall not issue any order that results in the extension of any in-service date or contractual arrangement made as a part of Project 100 or Project 150 beyond the termination date previously approved by the authority established by the contract, provided any party to such contract may provide a notice of termination in accordance with the terms of, and to the extent permitted under, its contract, except the authority shall grant, upon request, [and] an extension of such latest in-service date by (i) twelve months for any project located in a distressed municipality, as defined in section 32-9p, with a population of more than one hundred twenty-five thousand, and (ii) not more than twenty-four months for any project having a capacity of less than five megawatts. The cost of such contracts and the administrative costs for the procurement of such contracts directly incurred shall be eligible for inclusion in the adjustment to the transitional standard offer as provided in this section and any subsequent rates for standard service, provided such contracts are for a period of time sufficient to provide financing for such projects, but not less than ten years, and are for projects which began operation on or after July 1, 2003. Except as provided in this subdivision, the amount from Class I renewable energy sources contracted under such contracts shall be applied to reduce the applicable Class I renewable energy source portfolio standards. For purposes of this subdivision, the authority's determination of the comparable wholesale market price for generation shall be based upon a reasonable estimate. On or before September 1, 2011, the authority, in consultation with the Office of Consumer Counsel and the Clean Energy Finance and Investment Authority, shall study the operation of such renewable energy contracts and report its findings and recommendations to the joint standing committee of the General Assembly having cognizance of matters relating to energy.

This act shall take effect as follows and shall amend the following sections:		
Section 1	*from passage*	16-244c(j)(2)

ET *Joint Favorable*

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 14 $	FY 15 $
Various State Agencies	Various - Cost	See Below	See Below

Municipal Impact:

Municipalities	Effect	FY 14 $	FY 15 $
Various Municipalities	Cost	See Below	See Below

Explanation

The bill requires the Public Utilities Regulatory Authority (PURA) to extend certain projects under Project 150 by up to 24-months. Project 150 is an initiative to increase renewable energy supply in Connecticut by at least 150 megawatts of installed capacity. Currently, ratepayers pay an assessment to support Project 150. By lengthening the period of time, the bill would extend the cost on electric rates for ratepayers, including the state and municipalities.

The Out Years

There is no fiscal impact in the outyears, as the bill does not permit extending projects beyond 24-months.

OLR Bill Analysis
SB 946

AN ACT CONCERNING CONTRACT EXTENSIONS FOR PROJECT 150 PROJECTS.

SUMMARY:

By law, electric companies must enter into long-term contracts to buy 150 megawatts of power produced at renewable energy generation plants (Project 150). This bill requires the Public Utilities Regulatory Authority (PURA), upon request, to extend a Project 150 project's in-service deadline by up to 24-months if it has less than a five megawatt capacity. Under current law, PURA can extend in-service deadlines for 12-months for projects located in a distressed municipality with a population of more than 125,000 (i.e., Bridgeport and New Haven, according to the 2010 census).

EFFECTIVE DATE: Upon passage

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable				
Yea	24	Nay	0	(03/14/2013)